

Automobile

MAA TIV Aug 25: Sales Improve mom, But Flat yoy

Highlights

- MAA's TIV for Aug 25 showed a mom improvement in sales, driven by aggressive promotions and sales of new model launches.
- We are positive on the new fuel subsidy mechanism but the overall impact on industry sales is expected to be minimal. We increase our 2025 TIV forecast to 760,000 units (from 740,000 units) following the positive sales figures in July and August, but maintain a cautious near-term outlook.
- Maintain UNDERWEIGHT as competition remains intense and there is limited earnings upside for companies under our coverage.

Analysis

MAA TIV Aug 25

	Aug 25	mom % chg	yoy % chg	8M25	yoy % chg
Passenger	67,302	2.9	0.4	478,824	(2.7)
Commercial	5,739	2.1	3.1	38,038	(15.8)
TIV	73,041	4.4	0.6	516,862	(3.8)

Source: Bloomberg, UOB Kay Hian

- **Aug 25 sales improved mom, driven by aggressive promotions and sales of new models launched.** The Malaysia Automotive Association's (MAA) total industry volume (TIV) for Aug 25 came in at 73,041 units (+4.4% mom, +0.6% yoy). Passenger vehicle sales reached 67,032 units (2.9% mom), while commercial vehicle sales totalled 5,739 units (+2.1% mom). The increase in August sales can be attributed to higher stock availability, aggressive promotions in conjunction with the Merdeka Day, and positive sales from new model launches. Cumulatively, 8M25 TIV of 516,862 accounts for 70% of our 2025 TIV forecast.
- **National brands sales were largely flattish; positive sales growth of Proton offset by softer Perodua sales.** Proton recorded a double-digit sales growth (+11% mom, +18% yoy) driven by positive take-up of the new Proton X-50 facelift. Proton e.Mas 7 also maintained its position as the country's top-selling EV, according to the vehicle registration data released by the road transport department (JPJ). This has helped Proton regain its market share of above 20% as compared with the 1H25 share of 18.5%. Perodua, on the other hand, saw its monthly sales drop by 4% mom; however, its average monthly sales remained healthy at around 29,000 units in 8M25.
- **Non-national brands continue their recovery momentum with higher total sales in August.** Notable strong sales growth was recorded by Honda (+24% mom), Mazda (+34% mom) and Chery (+46% mom). The new entrant, Jaecoo, registered another record-high sales volume of 1,899 units as it continued to introduce new models in its line-up. BYD's sales bounced back to 1,188 units (+31%) after a slight dip in July, which we believe is due to sales contribution from the newly launched BYD Atto 2.

UNDERWEIGHT
(Maintained)

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Segmental Rating

Segment	Rating
Malaysia	UNDERWEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Pecca	PECCA MK HOLD		1.46	1.53

Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec*	Price 22 Sep 25 (RM)	Target Price (RM)	Upside To TP (%)	Last Year End	PE 2025A (x)	PE 2026E (x)	PE 2027E (x)	Yield 2026E (%)	ROE 2026E (%)	Market Cap. (RMm)	Price/ NAV ps (x)
SIME DARBY BERHAD	SIME MK	HOLD	2.10	2.06	-1.9	06/26	12.4	9.3	8.7	6.2	8.6	14,313	0.7
BERMAZ AUTO BHD	BAUTO MK	SELL	0.66	0.55	-16.7	04/26	6.6	7.9	7.6	6.6	13.6	760	1.2
PECCA GROUP BHD	PECCA MK	HOLD	1.46	1.53	4.8	06/26	35.5	25.3	25.9	4.5	26.0	1,058	4.9

Source: Bloomberg, UOB Kay Hian

- **Competition from Chinese brands to remain intense.** Chinese brands continue to expand their presence in the local market through aggressive pricing strategies and a steady influx of new models. Chery and Jaecoo have seen their market share increase significantly in 8M25 at the expense of Japanese marques. BYD is expected to attract a broader customer base with the introduction of a new model priced at RM100,000 that may also be competing with the national EV model given its relatively comparable price.
- **The new fuel subsidy mechanism is deemed positive to the sector but with minimal impact to industry sales.** The government recently announced that a lower subsidised price of RM1.99 per litre for RON95 petrol will be enjoyed by all Malaysian citizen regardless of income level, with a monthly cap of 300 litres. We believe that this mechanism, as opposed to an income-based tiered pricing, will support the sales of luxury ICE vehicles and reduce incentives for consumers to change to NEV vehicles. Nonetheless, we expect a muted impact to industry sales as consumer demand is driven by various factors apart from fuel cost.
- Another two key policies expected to be detailed out in the upcoming months are the status of tax incentives for completely built-up (CBU) EVs, which is set to expire at the end of this year, and the impending implementation of Open Market Value (OMV). The absence of the tax exemption for CBU EVs, in our view, should provide pricing advantage to major brands that have committed to producing completely knocked-down (CKD) EVs, such as Proton, Perodua and BYD.
- **Increase 2025 TIV forecast to 760,000 units (previously 740,000 units).** We have incorporated an additional 20,000 units into our 2025 projection following the positive sales volumes in July and August. September may see a softer sales figure due to fewer working days, before gradually picking up towards the year-end, supported by new model launches and aggressive year-end promotional campaigns.

Valuation/Recommendation

- **Maintain UNDERWEIGHT.** Despite the marginal improvement in Aug 25 TIV, we maintain our UNDERWEIGHT rating on the sector as competition remains intense in the local market, which will limit margin recovery and earnings upside for companies under our coverage. The sector is trading at 10.5x, which is close to its -0.5SD of five-year historical mean. We deem this fair given the muted earnings outlook and the likelihood that upside potential will be capped in the near term. We continue to favour players with strong value positioning and resilient mass market demand, such as Perodua, despite the cautious outlook. Our preferred pick remains Pecca Group (Pecca).

Sector Catalyst/Risk

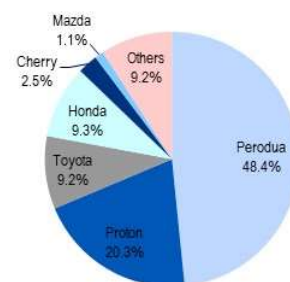
- Stronger-than-expected TIV numbers.
- Major incentives from the government to accelerate EV adoption.

Top Key Marques YTD

Make	Sales (Units)		Market Share (%)		Ranking	
	Jan–Aug 25	Jan– Aug 24	Jan–Aug 25	Jan– Aug 24	Jan–Aug 25	Jan– Aug 24
Perodua	231,700	236,666	48.4	48.1	1	1
Proton	97,159	99,379	20.3	20.2	2	2
Honda	44,368	46,132	9.3	9.4	3	3
Toyota	44,236	46,932	9.2	9.5	4	4
Cherry	12,167	9,689	2.5	2.0	5	na
Mazda	5,349	10,755	1.1	2.2	6	5
Others	43,845	42,792	9.2	8.7	n/a	n/a
Passenger	478,824	492,345	92.6	91.6		
Commercial	38,038	45,187	7.4	8.4		
TIV	516,862	537,532	100	100		

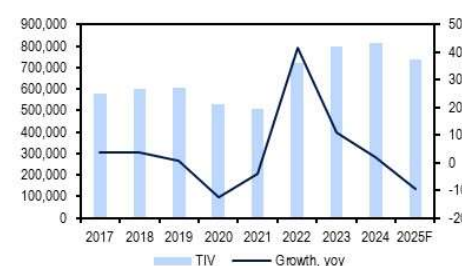
Source: MAA, UOB Kay Hian

Market Share As Of 8M25



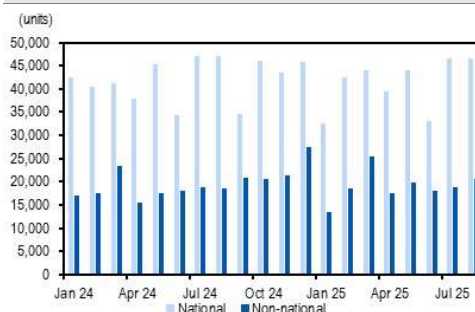
Source: MAA

Yearly TIV Numbers



Source: MAA, UOB Kay Hian

National And Non-National Vehicles



Source: MAA

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